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**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION  
Water Branch**

**RESOLUTION NO. W-4364  
December 5, 2002**

**R E S O L U T I O N**

**(RES. W-4364), PENNGROVE WATER COMPANY (PWC),  
CANON MANOR SERVICE AREA. ORDER AUTHORIZING  
AN INCREASE IN ANNUAL REVENUES OF \$3,209 OR 6.54% TO  
OFFSET INCREASED PURCHASED POWER COSTS.**

**SUMMARY**

By Advice Letter No. 53, filed October 10, 2002, PWC seeks revision of tariff Schedule No. CM-1, Metered Service, in its Canon Manor service area, to provide an increase in revenues of \$3,209 or 6.54% to recover purchased power increases. This resolution authorizes the requested increase. The rate increase will not result in a rate of return greater than last authorized for PWC.

**BACKGROUND**

PWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset the \$3,209 increases for purchased power in its Canon Manor service area. The purchased power increases were approved by the California Public Utilities Commission's (Commission) Decisions Nos. (D.) 01-01-018, D.01-03-082, and D.01-05-064, which authorized the Pacific Gas and Electric Company (PG&E) to add a surcharge to its electric rates.

PWC serves approximately 68 metered customers in the Canon Manor service area, Penngrove and vicinity, Sonoma County.

PWC's present rates became effective on September 20, 2001, pursuant to a CPI increase of 3.4%. PWC's last general rate increase became effective on November 21, 1995, pursuant to Res. W-3953, authorizing a general increase of \$25,447 or 12.9%.

## **DISCUSSION**

Effective January 4, 2001 and March 27, 2001, PG&E was allowed to surcharge purchased power by one cent per kilowatt-hour (kWh) and three cents per kWh, respectively, pursuant to D.01-01-018 and D.01-03-082.

Effective June 1, 2001, pursuant to D.01-05-064, PG&E rates were surcharged by an average of six cents per kWh for summer consumption and an average of three and a half cents per kWh for winter consumption for rate schedule A-10. These PG&E rate surcharges have resulted in purchased power increases of \$3,209 in PWC's Canon Manor service area. The Water Division staff (Division) has reviewed PWC's request and find it to be reasonable.

PWC's recorded earnings for the year 2001 show that the utility's rate of return was 11.0%. Its authorized rate of return was 14.25%, therefore, PWC was not over-earning its authorized rate of return during the period (year 2001) when the surcharge was authorized.

## **NOTICE AND PROTESTS**

Notice of the proposed rates was published in The Press Democrat on July 26, 2002. The Water Division received no letters objecting to the rate increase.

## **FINDINGS**

The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

## **THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 for Penngrove Water Company to make effective the revised Schedule No. CM-1, Metered Service, attached to Advice Letter No. 53, and concurrently to cancel its presently effective rate schedule. The effective date shall be five days after the date of this resolution.

2. In accordance with Public Utilities Code 792.5, the incremental costs and incremental revenues shall be booked in a balancing account.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 5, 2002; the following Commissioners approved it:

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WESLEY M. FRANKLIN  
Executive Director

HENRY M. DUQUE  
CARL W. WOOD  
GEOFFREY F. BROWN  
MICHAEL R. PEEVEY

President Loretta M. Lynch, being necessarily absent did not participate.